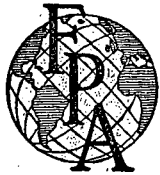


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# FOREIGN POLICY BULLETIN

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## CHANGES IN EUROPE SINCE V-E DAY ALTER TASK OF PEACE MAKING

JUDGING by the course of events in Eastern Europe, the Balkans, Iran and Manchuria since the Moscow Conference of December 15, 1945, the Foreign Ministers of the Big Four gathered in Paris on April 25 in an atmosphere gravely inauspicious to the making of a European peace settlement. Although hostilities on the continent ended nearly a year ago, no progress has been registered in achieving agreement among the United States, Britain and Russia concerning the terms of peace east of Germany, or among the Big Three and France concerning a definitive settlement with Germany and Italy. It will be recalled that a delay in drawing up peace treaties had been urged during the war by leading statesmen and commentators who, convinced that the arrangements drafted by the Paris Peace Conference eight months after World War I had proved unsatisfactory, proposed that this time the victors should allow a "cooling-off" period. While a "cooling-off" was in theory desirable, Allied plans seem to have been made on the mistaken assumption that, somehow or other, the international situation would remain in *status quo*, permitting the victor nations, after careful consideration, to mold the world to their heart's desire. Life, however, refuses to stand still; and during this period of waiting Europe, not to speak of the rest of the world, has undergone far-reaching changes which must now be taken into account by the Paris peacemakers.

**RUSSIA'S ECONOMIC INFLUENCE.** The most striking of these changes, and one for which insufficient allowance had apparently been made in Washington and London, is that Russia has rapidly solidified its political and economic relations with countries along its western border, from the Baltic to the Black Sea, as well as with the Russian zone in Germany. Not that all the countries in this area,

which Moscow regards as within its sphere of security and, hence influence, have been won over to communism. On the contrary, elections held in some of them since the war have indicated that, in spite of the presence of Russian troops on their soil, the political current has been running in the direction of moderate reforms rather than radical revolution. But the urgent need for bare survival now, and for eventual economic reconstruction, forces the countries east of Germany, impoverished by war and civil strife, to cooperate with any great power willing or able to give them a measure of aid. There is little doubt that all of the countries now classified as in Russia's "orbit" would be only too glad if they could count on loans or credits from the United States. But the program of freer world trade advocated by the Washington Administration is still on paper, and offers no hope of immediate relief to peoples who are on the verge of starvation and bankruptcy.

It is entirely understandable that the United States should insist on the "open door" in Europe east of Germany, since it is Washington's hope that the countries of this area will prove an important market for American machinery, tools and manufactured goods. But unless provision can be promptly made here to accept vastly increased imports from these countries, most of which produce primarily wheat and a few raw materials like tobacco, oil, copper and so on, we shall have to face the reality that, with the drastic curtailment of German industry, once the principal source of supply for Eastern Europe and the Balkans, the countries along Russia's border will have no choice but to become associated with the economy of the U.S.S.R. Although an American loan to Russia, now again under discussion, might ease U.S.-Russian tension, it

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to have come too late to alter fundamentally the picture in Eastern Europe.

**PEACE SETTLEMENT MUST COVER GERMANY.** The role assumed by Russia in Europe's economy is a direct result of the other major change that has occurred on the continent since V-E Day—and that is the sharp reduction in Germany's industrial productivity. This reduction is due partly to wartime destruction, the breakdown of transportation, and the division of the country into four watertight zones, but partly also to the decision of the Allies to stabilize German economy at the level of 1932, before Hitler came to power and provided work for thousands of unemployed in armament factories. There is no disagreement among the Big Four about the need of curtailing Germany's capacity to produce for war. But it has now become obvious that, unless economic unity is effected in Germany, the defeated country will become a prey to political unrest which can result either in revival of Nazism or in a growing drift toward a Socialist-Communist front in which the Communists would be predominant. At the same time, the Germans would become increasingly dependent on the Allies—and that means in effect the United States—for the food and essential raw materials they must import, without as yet having means of international payment. It was from the outset a mistake to assume, as was done at Potsdam, that peace could be made piecemeal, and that a settlement for Italy and Eastern Europe could be achieved separately from a settlement for Germany. This mistake has been repeatedly pointed out by France whose Foreign Minister, Georges Bidault, has now won the opportunity of raising the German question in Paris—although apparently only after negotiations on other peace treaties have been concluded.

Meanwhile in Italy, too, economic questions have come to overshadow even such crucial strategic prob-

lems as the future of Trieste and the Italian colonies. American observers are convinced that Italy's broken-down economy could pay reparations, now demanded by Russia, Yugoslavia and Greece, only if American funds were pumped into the country—which would obviously place the burden of reparations on the United States without contributing to Italian reconstruction. Washington believes that Italy has a good chance of recovery if it can start production with a clean slate, free of reparation obligations. That view, not unnaturally, finds little sympathy either in Yugoslavia or Greece, both of which suffered grievously from Italian devastation; and the former, at least, can count on Moscow's support. At the same time the veiled threat from Washington that, should the Paris negotiations break down, the United States would have to negotiate separate peace treaties, does not sound practicable. A separate peace treaty with Italy about Trieste, for example, would have little hope of survival unless it had the approval of Russia and Yugoslavia.

The basic issue in Paris, as at Hunter College, is still the issue that haunted relations between Russia and the rest of the world during the inter-war years—and that is whether peaceful co-existence is possible between what we call the free private enterprise system of capitalism, and what the Russians call socialism and we call communism. The Russians themselves answered this question in the affirmative at the International Economic Conference of 1927—but with the reservation that, in the long run, they foresaw the "happy elimination" of capitalism. Other possible ways in which this question might be answered during the Paris negotiations and in the United Nations organization will be discussed in subsequent articles.

VERA MICHELES DEAN

*(This is the first of a series of articles on the peace negotiations in Paris.)*

## GHOSTS OF SPANISH CIVIL WAR HAUNT SECURITY COUNCIL

Spain, once the testing-ground of World War II, became again the subject of an international debate on April 17 when, at Poland's request, the United Nations Security Council discussed the question whether the Franco régime constitutes a threat to world peace. Urging that the Council direct all member states to break diplomatic relations with Spain, Dr. Oscar Lange, the Polish delegate, based his government's case against Generalissimo Franco on the following four counts: that the Franco régime was forced on the Spanish people by the Axis; that it was an active partner of the Axis during the war; that it has since created a state of international friction by mobilizing troops on the French frontier; and that it tolerates and "encourages" numerous German military and scientific personnel in Spanish territory. The case presented by Dr. Lange

was well documented with facts, mainly drawn from United States official sources, and the proposal for the severance of diplomatic relations seemed surprisingly moderate, if not inadequate, in view of the gravity of the charges. Again today, as in 1936 when the League of Nations Council approved the policy of non-intervention adopted by six principal European states in the Spanish civil war, the great powers skirted the underlying issues which have deeply divided them during the past decade.

**THE CHARTER AND INTERVENTION.** The arguments raised at the Security Council session also recalled the League discussion of 1936, for the crux of the problem, as viewed by the majority of the Council representatives, was whether, under the Charter, intervention on the grounds cited by Poland would be in order. This approach may have been

disillusioning to those who had hoped that a debate on Spain at this time would give the great powers an opportunity to rectify past mistakes of policy. On the other hand, the statements of the Netherlands and Australian delegates indicated a sincere desire to canvass the limits of action permitted the Security Council by the terms of the Charter. Britain and the Netherlands took the position that the nature of the Franco régime was a matter solely of domestic concern and, moreover, that the evidence adduced to prove Spain is a center of international friction is too slender to justify collective action of the kind envisaged by the Charter. The point was made that intervention would drive Spanish moderates into the Franco camp; and the implication was plain that the present discussion itself would tend to strengthen the Spanish government. However, Russia takes the view that the Charter positively authorizes intervention by the United Nations when the internal situation of any country constitutes a danger to international peace and security. The Franco government was and is "a breeding ground of fascism," according to the Russian representative, and if the Council takes refuge in the policy of non-intervention which in the prewar years "led to utter catastrophe and failure," it will be overlooking the lessons of history.

**AFTER FRANCO WHAT?** It became clear as the debate progressed that until the great powers define their objectives in Spain with more precision, they will not be able to agree on their definition of what constitutes non-intervention. On one point members of the Security Council were in striking unanimity, and that was in their desire to see Franco and the Falange eliminated from the Spanish scene. Moreover, Britain, the United States and Russia agree that they wish to see a democratic government succeed that of Franco. Their concept of Spanish democracy, however, is in each case qualified by divergent strategic, political and economic considerations.

It is Spain's fortune, or misfortune, to occupy one of the most strategic positions in the world. This has long been realized by Britain. As the outlines of Russian policy in the western Mediterranean take shape, it is evident that the U.S.S.R., too, considers that its security interests are related to the Spanish situation. Moscow believes it important to have on the Iberian peninsula a friendly government which will see to it that Russia will not be bottled up in the Mediterranean. Russia might, therefore, support a coalition of the Left as successor to the Popular

Front government of the Republic. Britain, however, fears that such a coalition would inevitably result in a dictatorship of the Left, given the superior organization of the Communists and the tendency toward extremism in Spanish politics. Aware of the vulnerability of the Straits of Gibraltar, Britain would have favored the restoration of the monarchy, safeguarded by constitutional checks, which would respect Britain's historic interest in the western approaches to the Mediterranean. But Don Juan and Franco have been unable to come to terms as to what would be the Generalissimo's role under a restored monarchy.

It remained for the United States to express most nearly what was uppermost in the minds of many of the Security Council representatives, when Mr. Stettinius pointed out that, while the present situation of Spain could not seriously be viewed as a threat to peace, a resumption of civil war in that country would almost surely have grave international repercussions. For this reason, the United States has consistently opposed any action that would revive bitter Spanish enmities. Yet there are already indications from inside Spain that if the United Nations do not produce a solution, middle-of-the-road elements in Spain will gravitate to the two political extremes, thus solidifying opposing points of view and producing a situation equally fraught with danger for the rest of the world. No interim arrangements—neither a typical Spanish Junta of generals nor the Giral government-in-exile (which was recently broadened to include, among others, a Communist representative)—can be acceptable to all the great powers. Nor is there any evidence that they have reached the point where they believe it is desirable or practicable to consider interim solutions. There appears to be general agreement in the Security Council that the Australian proposal to create a subcommittee of inquiry into the Polish charges—despite the procedural problem it raises—offers the best way out of a difficult impasse. OLIVE HOLMES

*My Twenty-five Years in China*, by John B. Powell. New York, Macmillan, 1945. \$3.50

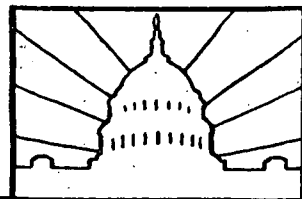
A veteran newspaperman, editor of the *China Weekly Review*, describes his observations and experiences in China from the time of his arrival in 1917 until his repatriation on the *Gripsholm* in 1942.

*A Price for Peace*, by Antonín Basch. New York, Columbia University Press, 1945. \$2.50

A plea for the reconstruction of Europe's economy within the framework of world trade revival. Special attention is given to the problems of Eastern European nations, often overlooked in considering the economic problems of the continent.



# Washington News Letter



## WORLD ACTION NEEDED TO ALLEVIATE FAMINE

A year ago, in April 1945, the United States received its first responsible warning about post-war food shortages from Judge Samuel Rosenman, who at President Roosevelt's request visited Europe on the eve of Germany's surrender. Joseph C. Grew, then Under Secretary of State, repeated that warning in July. On September 29 the Agriculture Department said that "only substantial food imports from outside sources can save millions of Europeans from near-starvation in the coming winter." On November 27 the State Department reported that 350,000,000 persons desperately needed food, and President Truman told Prime Minister Mackenzie King of Canada that "we expect to ship all [the food] we can possibly spare." On February 7 the President said the United States might resort to meat-rationing to save others from starvation. On March 1 he set up the Famine Emergency Committee, with Herbert Hoover as chairman. In spite of this long acquaintance with the problem and Presidential assurances of help, the United States has been able to do little to alleviate the danger of famine. Recognition of that inadequacy caused President Truman on April 19 to order American millers to set aside 25 per cent of the wheat they normally consume in making flour, earmarking this "set-aside" for export.

**RATIONING REJECTED.** The chief reason for this country's inability to help the starving in Europe and Asia in a manner commensurate with their need has been the government's reluctance to institute consumer-rationing, which would help to divert larger quantities of food from home consumption for overseas. John J. McCarthy, president of the American Baking Association, has said that rationing will be necessary to make the set-aside order workable. Yet hitherto the Administration has relied on appeals for voluntary reduction of food consumption, the Famine Emergency Committee on March 11 asking Americans to cut consumption of wheat by 40 per cent and fats by 20 per cent. On April 15 Herbert Hoover, speaking from Cairo, said that voluntary reduction in food consumption would be superior to rationing. The request of March 11, however, has not been met. Voluntary reductions in food consumption have not enabled the United States to fill the food export obligations it accepted before the Truman announcement of February 7 that the foreign food crisis would extend far beyond the winter months. Wheat exports for the first quarter of 1946 were 12,000,000 tons short of our commitments for that period. Accordingly, the "set-aside order" of April 19 was issued to make avail-

able for export food which non-observance of the voluntary 40 per cent reduction plan had failed to produce. An order offering farmers a special price inducement to part with hoarded wheat stocks was issued on the same day.

It is true that, in spite of these partial measures, the United States has sent abroad half of all the food that Europe and Asia have received from outside sources. At the same time, the United States is the foremost food producer in the Western Hemisphere, and its inhabitants have a more than adequate diet. The world cannot expect, however, that a country with a population of 130,000,000, which in recent years has had an increasingly smaller agricultural surplus, could remedy the dietary plight of almost a billion persons in Europe and Asia. Drought, lack of farm machinery, and inadequate transportation systems disrupted by war account for the plight of those two continents. While Americans have an average daily caloric intake of 3,000, the Emergency Economic Committee for Europe has reported that 140,000,000 Europeans average 2,000 calories, and 150,000,000 get 1,500 or less. Although that Committee and UNRRA had these alarming statistics in their possession long ago, President Truman on March 17 sent Mr. Hoover overseas to ascertain the need for relief. The Hoover mission has dramatized the problem but not solved it.

The problem of food is political as well as humanitarian, and has been colored by international rivalry. Food allocations from the Western Hemisphere are decided on by the Combined Food Board, which is controlled by the United States, Britain and Canada. Russia, not a member of the Board, signed an agreement on April 6 to supply France with 400,000 tons of wheat and 100,000 tons of barley—at the same time continuing to draw on the food resources of Eastern Europe and the Balkans to feed its armed forces stationed in an area usually known as "the breadbasket of Europe." Assistant Secretary of State William L. Clayton commented that what France received from Russia would have to be deducted from the CFB allocations to France. But the responsibility for alleviating the world crisis does not lie wholly in the Western Hemisphere even if Argentina supplies larger amounts of wheat than in the past. The conference on food and allied problems in Southeast Asia, held in Singapore on April 17 and 18, concluded that the key to the solution of Asia's food problem would be release of rice stocks held in Siam.

BLAIR BOLLES